

August 9, 1956

The Honorable Percival Brundage
Director, Bureau of the Budget
Washington 25, D. C.

Dear Percy:

I enclose herewith a copy of a letter which I have just dispatched to the President, relating to the pay scale in this Agency. I have discussed this matter with Governor Sherman Adams, and he understands that I am sending a copy of this letter to you.

The proposal made in this letter is of the greatest importance to this Agency and, in my opinion, is quite essential if we are to carry out our assigned mission and be in a position to recruit and retain the personnel necessary for the difficult tasks which have been assigned to us by statute and NSC action.

Faithfully yours,

(Signed) ALLEN W. DULLES

Allen W. Dulles
Director

Encl.

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Distribution:

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1 cc - Mr. Paul
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August 8, 1956

The President
The White House

Dear Mr. President:

The Central Intelligence Agency, since its creation, has been exempted from the Classified Civil Service and was authorized by statute to set salaries of its employees by its own administrative action. The only salaries fixed by statute are those of the Director and the Deputy Director of Central Intelligence. In the Executive Pay Act of 1956, these are set at \$21,000 and \$20,500, respectively. For reasons of security this Act did not cover any other of our senior personnel, whereas the Act provided for the senior executives of many other departments and agencies.

Up to the present, all salaries other than those of the Director and Deputy have been based on the General Schedule established by Congress for the Classified Civil Service. In practice, therefore, the highest salary paid to employees of this Agency has been that of GS-18, namely \$14,800, until raised by the new Act to \$16,000 per annum.

At existing salary levels it has been increasingly difficult to obtain and retain the highly expert and technically trained individuals needed for the principal executive and operational positions in this Agency. As you know, for security and other reasons, we cannot offer the reward of public recognition for faithful government service, which is part of the compensation of such service in responsible posts in other government agencies as, for example, an Ambassadorship, General Officer and Flag rank of the military services, or other titled offices.

Yet the senior officials of this Agency must in fact perform duties of a nature which in the Executive Departments of the Government would be the responsibility of the above statutory positions as well as those of assistant secretaries, bureau heads, and similar offices. Because the duties of our senior officials are concerned with the most confidential and sometimes hazardous aspects of our work, their positions

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must not be publicized, but their responsibilities and standing in the intelligence hierarchy should be recognized by appropriate gradation within the Agency and compensation equivalent to that of similar positions elsewhere in Government. I have legal authority to do this by administrative action. The Executive Pay Act by creating a gap between the salaries of myself and my Deputy and that of a GS-18 provides a logical occasion for taking such action which seemed inappropriate until that Act was passed.

I propose therefore to establish three categories of offices above the GS-18 level for the top officials of this Agency. I consider that the three Agency Deputies who are responsible immediately to me have equivalent responsibilities to those of Assistant Secretaries of Executive Departments and should be compensated accordingly at \$20,000 per annum. Certain other key individuals in the Agency would be divided into two categories to be compensated at \$18,000 to \$19,000 per annum and \$17,000, respectively. The total number of positions to be so graded would be approximately 25 in Headquarters and ten in the foreign field. The increased cost of this action would be only approximately \$75,000 per annum, which we can absorb in our existing budget. The morale effect on present employees and the increased ability to recruit qualified personnel would be enormous.

During the discussion of our 1957 Budget, I informally raised this problem with certain members of the committees of the Congress which have immediate concern with the affairs of this Agency, and I have recently discussed the matter with Dr. Killian, Chairman of the President's Board of Consultants. They seemed to appreciate the justification for the action proposed, although I have not sought any formal approval from either.

A copy of this letter is being sent to the Director of the Bureau of the Budget.

Respectfully yours,

Allen W. Dulles
Director

cc: Director, Bureau of the Budget

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Orig - Addressee

1 cc - Gen. Counsel

1 cc - DD/S

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